

Arab Bank Australia Limited
Disclosure of Prudential Information under APS 330
Attachment C - risk exposure and assessment
As at 30 Sep 2020

Table 3: Capital adequacy			30-Sep-20	30-Jun-20
			\$m	\$m
a.	Capital requirement (in terms of risk weighted assets) for			
	Credit risk (excluding securitisation) by portfolio			
		residential mortgages	148.12	145.15
		other retail and corporates	295.66	288.05
		ADIs	100.48	84.88
		Government	0.00	0.00
		commitment & other off balance sheet exposure	68.24	64.93
b.	Capital Requirement for equity exposures in the IRB approach		N/A	N/A
c.	Capital Requirement for market risk (in terms of risk weighted assets)		0.05	0.05
d.	Capital requirement for operational risk (in terms of risk weighted assets)		64.22	64.22
e.	Capital requirement for IRRBB (IRB/AMA - approved Australian owned ADIs only)		N/A	N/A
f1.	Total capital ratio		23.22%	24.56%
f2.	Tier 1 capital ratio		22.32%	23.62%
f3.	Common Equity Tier 1		22.32%	23.62%

Table 4: Credit Risk			30-Sep-20		30-Jun-20	
			\$m		\$m	
			Gross exposure	Average Gross Exposure	Gross exposure	Average Gross Exposure
a.	Total Gross credit risk exposure					
	Loans					
		residential mortgages	419.01	415.21	412.07	401.72
		other retail and corporates	298.50	300.55	290.86	294.87
		ADIs	328.00	302.01	273.22	277.12
		Government	10.00	10.00	10.00	10.00
		Commitments & other non-market off balance sheet exposure	120.51	116.63	112.30	113.90
		Direct credit substitutes	2.62	2.68	2.72	2.52
		Trade related contingencies	-	-	-	-
		Performance related contingencies	-	-	-	-
		Other commitments (including loans)	117.88	113.95	109.57	111.38
		over-the-counter derivatives	-	-	-	-
			30-Sep-20	30-Jun-20		
			\$m	\$m		
b1.	Impaired facilities		5.02	4.61		
		residential mortgages	3.46	3.14		
		other retail and corporates	1.56	1.47		
b2.	Past due facilities		3.12	3.39		
		residential mortgages	0.92	1.19		
		other retail and corporates	2.20	2.20		
b3.	Quarterly movement in specific provision account					
	Opening balance		0.71	0.66		
	Add	provision created	0.03	0.06		
	deduct	write back of provision not required	-	-		
	deduct	bad debts written off	0.00	0.01		
	deduct	bad debts recovered	0.00	0.00		
	Closing balance		0.74	0.71		
b4.	specific provision - charge for the quarter		0.03	0.06		
b5.	Bad debts Written off (against the provision)		0.00	0.01		
c.	The general reserve for credit losses		6.14	6.14		

Arithmetic addition might differ from reported numbers due to rounding.

Table 5: Securitisation exposures			Exposure securitised		Recognised gain or (loss) on sale	
			30-Sep-20	30-Jun-20	30-Sep-20	30-Jun-20
			\$m	\$m	\$m	
5a.	Summary of securitisation activity for the period					
	Residential mortgages		8.2	47.5	-	-
	Other		-	-	-	-
	Total exposures securitised during the period		8.2	47.5	-	-
			30-Sep-20	30-Jun-20		
			\$m	\$m		
5b(i).	Aggregate of on-balance sheet securitisation exposures by exposure type					
	Debt securities		83.10	83.10		
	Total on-balance sheet securitisation exposures		83.10	83.10		
			30-Sep-20	30-Jun-20		
			\$m	\$m		
5b(ii).	Aggregate of off-balance sheet securitisation exposures by exposure type					
	Liquidity facilities		-	-		
	Total off-balance sheet securitisation exposures		-	-		

Arab Bank has self-securitised a portfolio of Australian prime loans backed by residential mortgages originated by the Bank. The total amount of mortgages securitised under this transaction as at 30 September 2020 is \$70.46m (30 June 2020: \$77.08m). The Bank has established a special purpose entity "The Petra Trust" for this purpose. The Bank holds all the notes issued by this trust.

The self-securitisation transaction of residential mortgages has been completed to allow re-purchase transactions with the Reserve Bank of Australia as a liquidity contingency.